

May 2006

INSTRUCTIONS FOR COMPLETION OF APPLICATION FOR:

**MORTGAGE LOAN COMPANY
OR
MORTGAGE LOAN BROKER**

Please Mail Application to:

Office of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601

THE PACKAGE YOU HAVE RECEIVED CONTAINS THE FOLLOWING PERTINENT INFORMATION NEEDED TO MAKE APPLICATION TO THE OFFICE OF FINANCIAL INSTITUTIONS. **PROCESSING TIME FOR A COMPLETED APPLICATION IS APPROXIMATELY 45 DAYS.**

- A) **KENTUCKY REVISED STATUTES CHAPTER 294. PLEASE READ THIS THOROUGHLY BEFORE APPLYING FOR A LICENSE.** MANY OF APPLICANT'S PRESENT AND FUTURE QUESTIONS ARE ANSWERED IN THE STATUTES. **IN ADDITION, PLEASE CONSULT OUR WEB SITE – www.kfi.ky.gov - FOR ANY NEW LEGISLATION.**
- B) **THE APPLICATION FORM.** THIS FORM IS USED FOR APPLYING EITHER FOR A MORTGAGE LOAN COMPANY LICENSE (WHICH IS DEFINED AS A LENDER AND/OR SERVICER), **OR** AS A MORTGAGE LOAN BROKER. THIS SHOULD BE COMPLETED **AS SPECIFICALLY INSTRUCTED, SIGNED AND NOTARIZED.**
- C) **STATE LICENSE CONFIRMATION FORM.** THIS FORM IS **ONLY FOR APPLICANTS WHO ARE CURRENTLY LICENSED AND OPERATING IN ANOTHER STATE(S).** **PLEASE COMPLETE THE "APPLICANT" PORTION AND FORWARD TO ALL STATES APPLICABLE.**
- D) **SURETY BOND FOR MORTGAGE LOAN COMPANY ****
- E) **SURETY BOND FOR MORTGAGE LOAN BROKER ****

****PLEASE MAKE SURE YOU COMPLETE THE APPROPRIATE BOND AND THAT IT HAS THE COMPLETE LEGAL NAME AND CORRECT ADDRESS OF THE PRINCIPAL OFFICE TO BE LICENSED.** ALSO, MAKE SURE THAT THE BOND IS SIGNED BY ALL PARTIES AND NOTARIZED.

THE FOLLOWING NAMES AND NUMBERS ARE LISTED FOR YOUR CONVENIENCE:

OFFICE OF FINANCIAL INSTITUTIONS 502-573-3390

LICENSING AND APPLICATION QUESTIONS - GARY DAVIS EXT. 253

EXAMINATION AND REGULATORY QUESTIONS – GARY DAVIS EXT. 253

INDIVIDUAL LOAN ORIGINATOR REGISTRATION – PAM FITZGERALD 255

LEGAL OPINIONS – OFFICE OF GENERAL COUNSEL EXT. 233

CONSUMER COMPLAINTS - ANDIE CUBERT EXT. 226

KENTUCKY SECRETARY OF STATE - 502-564-2848

KENTUCKY MORTGAGE BROKERS ASSOCIATION - JON MCCAIN, 502-223-4840

KENTUCKY MORTGAGE BANKERS ASSOCIATION – WAYNE THOMPSON, 859-252-5626

EDUCATION PROVIDERS

PLEASE REFER TO OUR WEB SITE – www.kfi.ky.gov - FOR A CURRENT LIST OF
APPROVED EDUCATION PROVIDERS FOR BOTH THE BROKER 30-HOUR COURSE AND
CONTINUING EDUCATION FOR LOAN ORIGINATORS.

**APPLICATION FOR A MORTGAGE LOAN COMPANY OR A MORTGAGE LOAN BROKER
LICENSE PURSUANT TO KENTUCKY REVISED STATUTES CHAPTER 294**

COMPLETE **ALL** SCHEDULES USING AS MANY SEPARATE PAGES
AS NECESSARY TO COMPLETE THE APPLICATION. PLEASE NUMBER
EACH RESPONSE ACCORDING TO THE CATEGORY LISTED BELOW.
IF A QUESTION IS NOT APPLICABLE, PLEASE SO STATE.

PLEASE TYPE OR PRINT IN INK

**INCOMPLETE OR UNANSWERED QUESTION SHALL RESULT IN TIME
DELAYS OR RETURNED APPLICATIONS**

DATE: _____

To the Executive Director, Kentucky Office of Financial Institutions:

The following hereby makes application for a license to conduct a (check appropriate space) Mortgage
Loan Company _____ **OR** Mortgage Loan Broker _____ business as provided in Kentucky Revised
Statutes Chapter 294 at **the following principal location***:

(Complete Legal Name of Entity to be licensed - to include Assumed Name "DBA")

(Street Address, Suite or Apartment Number)

(City or Town, County, State, Zip Code)

(Telephone Number)

(FAX Number)

(Name of primary contact person to discuss application questions)

***Licenses are ADDRESS specific. Please show the correct street address of the proposed place of
business. Most landlords will offer a lease on a "contingent" basis for potential clients who are
starting a business that requires government licensing.**

The following schedules, which include the information required by Kentucky Revised Statutes Chapter 294, request information needed to enable the Executive Director of the Office of Financial Institutions to determine the feasibility of permitting the applicant to engage in operating a mortgage loan company or mortgage loan brokerage business. An applicant may either be a sole proprietor, a partnership, a corporation, a LLC or a LLP. **REMEMBER, ANSWER EACH QUESTION COMPLETELY. IF IT IS NOT APPLICABLE, PLEASE SO STATE – DO NOT LEAVE A QUESTION UNANSWERED.**

1. Please state if the Applicant is presently engaged in the business as a Mortgage Loan Company (lender and/or servicer) or Mortgage Loan Broker in any other State. **If YES**, list the states in which Applicant is operating, the type of license held, and the date business was commenced in these states. **Fill out the enclosed STATE LICENSE CONFIRMATION form, per instructions, and forward to all states in which you are currently licensed.**
2.
 - a) If INDIVIDUAL (SOLE PROPRIETOR) is applying, please give complete name (first, middle/maiden, last) social security number, residence address and phone number, and business address and phone number.
 - b) If PARTNERSHIP or a LLP is applying, please give complete name, social security number, residence address and phone number, business address and phone number, and PERCENT of ownership of each partner.
 - c) If CORPORATION or a LLC is applying, please give complete name, social security number, residence address and phone number, business address and phone number and PERCENT of ownership of officers, directors and anyone owning more than ten percent (10%).
3. If applying for a mortgage loan **BROKER** license, please submit sufficient proof that at least one owner of 20% or more has a minimum of two years experience working in the mortgage industry. Sufficient proof could include copies of registrations or licenses from this or other states or a resume with contact information for employers in the industry.
4.
 - a) If INDIVIDUAL is applying, please submit a copy of the required local business registration. If you are using an Assumed Name “DBA”, this also has to be registered with local government and a copy sent to the Office.
 - b) If PARTNERSHIP, LLP, CORPORATION or LLC is applying, please submit copies of Partnership agreements, Articles of Incorporation, etc., and related appropriate filings, which have been file stamped by the KENTUCKY SECRETARY OF STATE. This includes Certificates of Assumed Name (DBA). Out of State Corporations shall obtain a Certificate of Authority to do business in Kentucky. Please include corporate tax I.D. number.
5. If applying for a mortgage loan **BROKER** license, submit a “CURRENT” **Compiled** financial statement of the applicant prepared by a licensed or certified public accountant. **If this is a new venture, it must be capitalized sufficiently to carry on a new business AND a 12 month “projected” cash flow statement and business plan, must be submitted.** This CPA prepared financial statement must be submitted, even for a brand new venture. Sufficient capital must be put into the business and be reflected in the 12 month projections to show the ability to maintain this new business at least through the first year.
6. If applying for a mortgage loan **COMPANY** license, submit a **Reviewed or Audited** financial statement prepared by a licensed or certified public accountant. Pursuant to KRS 294.032(3), **“No mortgage loan company license may be granted unless the applicant has AND MAINTAINS, so long as the license is in effect, a minimum, documented funding source (liquidity) of one million dollars (\$1,000,000). If a mortgage loan company has a net worth in excess of one million dollars (\$1,000,000), an additional funding source is not required.”** The funding source may be a documented (signed and dated) Warehouse Line of Credit. Please submit copy. **If this is a new venture, a CURRENT initial balance sheet, as well as a 12 month “projected” cash flow statement and business plan, must be submitted.**

7. **Submit a resume of the owners and managers.**
8. **Submit current, signed and dated, financial statements (balance sheet) on any person or entity owning ten percent (10%) or more of the Applicant.** This does not have to be prepared by a CPA.
9. If you are engaged, or intend to engage, in any business other than that allowed by KRS Chapter 294, please state the name and type of business conducted.
10. If any other entity is conducting business at the proposed licensed location(s), please state the name and type of business conducted. If the proposed office is in an office building or shopping center with numerous other businesses, so state and do not list the other businesses.
11. If applying for a **Mortgage loan broker** license, please submit the enclosed **“BROKER”** Surety Bond in the required amount of \$50,000. If applying for a **Mortgage loan company** license, please submit the enclosed **“COMPANY”** Surety Bond in the required amount of \$250,000. The BOND form should be completed by the Bonding (Insurance) Company, with their Power of Attorney form attached. It should be SIGNED and notarized by ALL parties. The “original” should be submitted to our Office.
12. List the name and address of any AFFILIATES (businesses with common ownership) of the Applicant and its owners.
13. Should the APPLICANT want to open additional branch offices (**in Kentucky**) at this time, please list the complete street address, phone number and manager’s name. (Should the Applicant wish to open a branch office in Kentucky anytime in the future, please submit a written request to the Office to include the above information and the required license fee.)
14. a. Has the Applicant or any of its owners, employees, agents, officers, or directors ever been **convicted in any state or federal court of any crime** (not including motor vehicle traffic misdemeanors)?
- YES_____ NO_____ ***
- b. Has the Applicant or any of its owners, employees, agents, officers, or directors ever been the subject of any disciplinary actions (cease and desist orders, consent orders, injunctions, license suspensions, or revocation, etc.) by any regulatory agency, state or federal **or** have any of the aforementioned been associated in any capacity with a company who has been the subject of any disciplinary actions?
- YES_____ NO_____ ***
- c. Has the Applicant or any of its owners, employees, agents, officers, or directors ever been refused any license or registration by the Office of Financial Institutions or any other state or federal government agency (except motor vehicle operator) or has such an application ever been withdrawn, revoked, or surrendered in lieu of revocation; **or** have any of the aforementioned been associated in any capacity with a company who has been refused any license?
- YES_____ NO_____ ***

- d. Has the Applicant or any of its owners, employees, agents, officers, or directors ever been a party to litigation in which it was alleged that the Applicant, owner, employee, agent, officer or director: engaged in fraudulent or dishonest conduct; failed to comply with any state or federal regulatory requirements; or committed any breach of contract or tort relating to their business dealings **or** have any of the aforementioned been associated in any capacity with a company who was alleged to be or has been found guilty of engaging in fraudulent or dishonest conduct; failed to comply with any state or federal regulatory requirements; or committed any breach of contract or tort relating to their business?

YES_____ NO_____ ***

- e. Has the Applicant employed or contracted with a person who has failed to register or has had a license or registration denied, revoked, or suspended in this commonwealth or any other state.

YES_____ NO_____ ***

***** If the answer to any of the foregoing is YES, explain the circumstances fully, using as many additional sheets as necessary. Please include any pertinent documentation. *****

15. If any of the owners of the Applicant know of any derogatory information on their personal credit report, please have the individual submit a written explanation and any pertinent documentation (paid receipts, agreed orders, etc.)
16. **MORTGAGE LOAN "COMPANIES" ONLY** – Please indicate if the proposed entity is a retail or wholesale lender or a combination of both.
17. Any entity performing RETAIL loan origination must list all registered loan officers/originators. Such entities must employ at least one KENTUCKY registered loan officer/originator prior to licensing.
18. Please submit the completed application together with the appropriate fees as follows (Please make check payable to the **KENTUCKY STATE TREASURER**):

\$750.00 – PRINCIPAL OFFICE \$400.00 – BRANCH OFFICE* (in KY only) ---- (if applying between July 1-December31)

\$450.00 – PRINCIPAL OFFICE \$250.00 – BRANCH OFFICE* (in KY only) ----(if applying between January 1-June 30)

****BRANCH** offices OUT OF STATE are NOT licensed.**

19. **MORTGAGE BROKERS ONLY** - Please submit proof of completion of the required 30-Hour educational course pursuant to KRS Chapter 294.032(6). This applies to all **NEW** Brokers **and** any Broker who has been licensed in another State for **LESS THAN ONE (1) YEAR**. If the **APPLICANT** is a natural person, or is a corporate entity owned by a natural person(s), the primary owner responsible for day to day management must take the course. If the **APPLICANT** is owned by a corporate entity, the designated **MANAGER** must take the course.

20. **MORTGAGE BROKERS ONLY** – Pursuant to KRS Chapter 294.032 (7)(a), the following will be required: a) a statement as to whether the proposed office is a residence* *, b) photographs of the exterior, interior and exterior sign (three pictures, one of each, is sufficient), c) if office is **LEASED**, submit signed copy of lease which shall be for a term of at least one(1) year, to include the names of the people working at this office. Executive or “Shared” Office Space is permitted. All Kentucky Loan files shall be kept at the licensed location and all future Examinations will be conducted at the licensed location(s).

**** RESIDENCE LOCATION** – if the physical location is a residence, it shall be the **MAIN RESIDENCE** of one of the **OWNERS** of 20% or more of the Applicant. This application shall include a signed/notarized letter from the owner of the residence stating that this is their Main Residence, a copy of the **DEED** or **LEASE**, and a letter from the local **ZONING BOARD** that requirements for an “**IN-HOME**” office have been met.

IMPORTANT NOTES:

a) **EACH LICENSEE SHALL RENEW ON OR BEFORE JUNE 20 PRIOR TO THE JUNE 30 EXPIRATION DATE. RENEWAL NOTICES WILL BE SENT TO THE PRINCIPAL OFFICE. THE RENEWAL FEE WILL BE \$350 FOR THE PRINCIPAL OFFICE AND \$250 FOR EACH BRANCH.**

b) **THE OFFICE SHALL BE NOTIFIED 15 DAYS IN ADVANCE IN THE EVENT OF A NAME CHANGE OR ADDRESS CHANGE. PLEASE SEND LETTER GIVING COMPLETE INFORMATION, THE “ORIGINAL” LICENSE CERTIFICATE”, AND, IF THE CHANGE CONCERNS THE APPLICANT’S PRINCIPAL, LICENSED OFFICE, SUBMIT A RIDER FROM YOUR BONDING COMPANY SHOWING THE NEW NAME AND/OR ADDRESS.**

c) **PRIOR APPROVAL FOR CHANGE OF CONTROL – REFER TO KRS 294.075**

PROHIBITION ON USE OF CERTAIN NAMES - REFER TO KRS 294.070(3)

*****READ KRS CHAPTER 294 – READ KRS CHAPTER 294 – READ KRS CHAPTER 294*****

AVOID VIOLATIONS AND MONETARY PENALTIES/FINES

*****ALSO REVIEW OUR WEB SITE FOR LEGISLATIVE CHANGES *****

SIGNATURE AND NOTARY PAGE FOR APPLICATION

AND

CONSENT TO REQUEST CREDIT REPORT

As a part of its statutory responsibility, the Office of Financial Institutions is authorized to investigate applicants to determine eligibility for licensing. The Office is authorized generally to investigate any audits, examinations, complaints, reports, etc., suggesting the possibility of unlawful activity involving regulated institutions. In the course of its investigations, the Office of Financial Institutions may procure or cause to be prepared a consumer credit report on individual(s) or entity (ties).

The undersigned has informed each and every person or entity (whose names appear on the application) involved in the proposed enterprise that the Office of Financial Institutions may procure or cause to be prepared a consumer credit report on him/her/it. The undersigned is authorized by each and every person, or entity named on the application to give permission for the Office of Financial Institutions to procure or cause to be prepared such a report. In accordance with that authorization and permission, the undersigned, for himself or herself and as a representative and agent for each and every person or entity involved in this enterprise, acknowledges and gives permission for the Office of Financial Institutions to procure or cause to be prepared a consumer credit report on each and every person or entity involved in this application during the licensing process and any time thereafter should the Office be required to investigate any audits, examinations, complaints, reports, etc., suggesting the possibility of unlawful activity.

Authorized Signature and Title

STATE OF _____
COUNTY OF _____

I, _____, hereby declare on my oath that I have
(name of person signing application)
executed this application and that the facts stated in the application are true and correct. I further
state that I have read and will comply with Kentucky Revised Statutes Chapter 294.

Signature of Applicant

Subscribed and sworn to before me this
_____ day of _____, 20____.

Notary Public - State at Large
My Commission Expires: _____

**COMMONWEALTH OF KENTUCKY
OFFICE OF FINANCIAL INSTITUTIONS**

SURETY BOND FOR MORTGAGE LOAN BROKER

KNOW ALL MEN BY THESE PRESENTS:

that _____, as Principal, of _____
(Applicants' Official Name) (Applicants' Address)

_____, City of _____, County of _____,

State of _____, and _____ as Surety,
a corporation incorporated under the laws of _____, and licensed to transact
business in the State of Kentucky, are held and firmly bound unto the Executive Director, Office of
Financial Institutions, Commonwealth of Kentucky, for the use and benefit of any person, as the
term is defined in KRS 294.010, as Obligee, in the penal sum of fifty thousand dollars (\$50,000), the
payment of which Principal and Surety jointly and severally bind themselves, their successors,
assigns, heirs, and legal representatives.

This obligation is being entered into because the Principal has made or is about to make
application to the Office of Financial Institutions, Commonwealth of Kentucky for a license to do
business as a mortgage loan broker in Kentucky pursuant to the provisions of KRS Chapter 294, the
Mortgage Loan Company and Mortgage Loan Broker Act, as amended, and any regulations
promulgated thereunder.

**SECTION ONE
CONDITION OF OBLIGATION**

- A. If Principal fully complies with the provisions of KRS Chapter 294 and with all regulations and
orders promulgated thereunder, or if Principal fully satisfies and discharges any judgment or
decree rendered against Principal by a court of competent jurisdiction in a suit brought by any
aggrieved person in which it is found that Principal violated a provision of KRS Chapter 294,
then this obligation shall be null and void, otherwise the obligation shall remain in full force and
effect.
- B. In order for liability to attach to Surety, a suit or action to enforce any liability on this bond
must be brought within three (3) years from the date of the act upon which the suit or action is
based.

**SECTION TWO
DURATION**

This obligation shall run continuously and shall remain in full force and effect until and unless the
bond is terminated and canceled as provided herein or as otherwise provided by law.

**SECTION THREE
TERMINATION**

Surety may terminate its obligation hereunder by giving thirty (30) days written notice to Obligee and to Principal, but such notice shall not affect this agreement with respect to any obligation which may have arisen prior to the receipt of such notice by Obligee.

**SECTION FOUR
EXTENT OF LIABILITY**

The maximum amount of liability of surety by virtue of this obligation shall be no more than the penal sum specified in this obligation of fifty thousand dollars (\$50,000).

**SECTION FIVE
RECOVERY OF ATTORNEYS' FEES**

If any proceedings are brought to enforce the obligations agreed to herein, such reasonable attorneys' fees as the court may award shall be allowed to Obligee.

IN WITNESS WHEREOF, Principal and Surety have executed this bond at _____, (place of execution) on this ____ day of _____, _____.

Name of Principal

BY: _____
Name and Title

(SEAL)

Name of Surety

Address of Surety

BY: _____
Name and Title
(If Attorney-In-Fact, must attach valid
Power of Attorney from Surety)

STATE OF _____
COUNTY OF _____

Subscribed, acknowledged, and sworn to before me by _____ and
_____ this ____ day of _____, _____.

NOTARY PUBLIC - STATE AT LARGE

My Commission Expires: _____

**COMMONWEALTH OF KENTUCKY
OFFICE OF FINANCIAL INSTITUTIONS**

SURETY BOND FOR MORTGAGE LOAN COMPANY

KNOW ALL MEN BY THESE PRESENTS:

that _____, as Principal, of _____
(Applicants' Official Name) (Applicants' Address)

_____, City of _____, County of _____,

State of _____, and _____ as Surety,
a corporation incorporated under the laws of _____, and licensed to transact
business in the State of Kentucky, are held and firmly bound unto the Executive Director, Office of
Financial Institutions, Commonwealth of Kentucky, for the use and benefit of any person, as the
term is defined in KRS 294.010, as Obligee, in the penal sum of two hundred and fifty thousand
dollars (\$250,000), the payment of which Principal and Surety jointly and severally bind themselves,
their successors, assigns, heirs, and legal representatives.

This obligation is being entered into because the Principal has made or is about to make
application to the Office of Financial Institutions, Commonwealth of Kentucky for a license to do
business as a mortgage loan company in Kentucky pursuant to the provisions of KRS Chapter 294,
the Mortgage Loan Company and Mortgage Loan Broker Act, as amended, and any regulations
promulgated thereunder.

**SECTION ONE
CONDITION OF OBLIGATION**

- A. If Principal fully complies with the provisions of KRS Chapter 294 and with all regulations and
orders promulgated thereunder, or if Principal fully satisfies and discharges any judgment or
decree rendered against Principal by a court of competent jurisdiction in a suit brought by any
aggrieved person in which it is found that Principal violated a provision of KRS Chapter 294,
then this obligation shall be null and void, otherwise the obligation shall remain in full force and
effect.
- B. In order for liability to attach to Surety, a suit or action to enforce any liability on this bond
must be brought within three (3) years from the date of the act upon which the suit or action is
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bond is terminated and canceled as provided herein or as otherwise provided by law.

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and to Principal, but such notice shall not affect this agreement with respect to any obligation which
may have arisen prior to the receipt of such notice by Obligee.

**SECTION FOUR
EXTENT OF LIABILITY**

The maximum amount of liability of surety by virtue of this obligation shall be no more than the penal sum specified in this obligation of two hundred and fifty thousand dollars (\$250,000).

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RECOVERY OF ATTORNEYS' FEES**

If any proceedings are brought to enforce the obligations agreed to herein, such reasonable attorneys' fees as the court may award shall be allowed to Obligee.

IN WITNESS WHEREOF, Principal and Surety have executed this bond at _____,
_____, (place of execution) on this ____ day of _____, _____.

Name of Principal

BY: _____
Name and Title

(SEAL)

Name of Surety

Address of Surety

BY: _____
Name and Title
(If Attorney-In-Fact, must attach valid
Power of Attorney from Surety)

STATE OF _____
COUNTY OF _____

Subscribed, acknowledged, and sworn to before me by _____ and
_____ this ____ day of _____, _____.

NOTARY PUBLIC - STATE AT LARGE

My Commission Expires: _____

Kentucky Office of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601

STATE LICENSE CONFIRMATION FORM

(To be completed by APPLICANT)

(Legal Name and Address of Applicant)

is applying for a license pursuant to The Mortgage Loan Company and Loan Broker Act, Kentucky Revised Statutes Chapter 294. I hereby authorize _____ (Name of State) to release to the Kentucky Office of Financial Institutions any and all information requested.

(Name and Title)

(Signature)

(Date)

(To be completed by STATE AGENCY and returned to address above, attn: Gary Davis)

- A. What type of license does the applicant currently hold? What is the issue date, license number and expiration date?
- B. If a license was issued, did your agency conduct an investigation?
- C. Does your agency conduct periodic examinations of the applicant?
- D. Have any complaints against the applicant been filed with your agency in the past three years? If yes, please give number, nature and disposition of the complaint(s).
- E. Has any disciplinary/enforcement action been taken against the applicant? If yes, please identify type, date and disposition.

Name/Title of Person Completing Form: _____

Agency Name and Phone Number: _____